

PUBLIC DISCLOSURE

June 2, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

LOWELL FIVE CENT SAVINGS BANK

34 JOHN STREET
LOWELL, MA 01852

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **LOWELL FIVE CENT SAVINGS BANK** (Lowell Five) prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **JUNE 2, 2003**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. This rating is based primarily on the following:

Lowell Five was evaluated for CRA under the FFIEC Large Institution Examination Procedures, including an assessment of the bank's Lending, Investments and Services. The following is a summary of the bank's performance under each of the three tests.

Lending: Lowell Five's overall lending was determined to be Satisfactory and is based upon the following

- The bank's lending activity is considered adequate. The bank's loan-to-deposit and net loan-to-asset ratios have decreased significantly, however lending activity still indicates a willingness to extend credit.
- A majority of home mortgage loans by number and dollar amount are made within the assessment area during 2002 and year-to-date 2003. Similarly, a majority of small business loans by number and dollar amount were made within the assessment area during the same time period.
- The geographic distribution of both home mortgage and small business loans is adequate. The percentage of home mortgage originations in the low-income census tracts during both years mirrors the percentage of owner-occupied housing units within those census tracts. Approximately 30 percent of the number and 32 percent of the dollar amount of small business loan originations were in low- and moderate-income census tracts.
- Lending distribution by borrower income is good. The percentage of originations by borrower income level reveals a good percentage of lending to low- and moderate-income borrowers when compared to the percentage of family households throughout the assessment area. The bank originated 43 percent of its HMDA reportable loans to low- and moderate-income borrowers.
- A majority of the bank's small business loans were made to businesses with gross annual revenues of \$1 million or less in both years.
- The bank has demonstrated a willingness to meet community development lending needs inside the assessment area primarily through loans for multifamily dwellings located in moderate-income census tracts.

- Innovative and flexible lending practices are adequate. The bank offers a number of innovative and flexible residential loan products as well as U.S. Small Business Administration (SBA) lending programs.

Investments

Lowell Five's qualified investments were determined to be Satisfactory. The level of qualified investments and the degree of innovativeness are adequate. The bank made one investment in a qualified mortgage-backed security during the time period covered by this evaluation. Charitable contributions comprise the remainder of the bank's investments.

Services

The delivery of retail services and management's commitment to community development services reflect a very good level of responsiveness to the needs of the assessment area. This performance factor was rated High Satisfactory.

LENDING, INVESTMENT, AND SERVICE TEST TABLE

PERFORMANCE TESTS Lowell Five Cent Savings Bank			
Performance Levels	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Satisfactory	X	X	
Needs to Improve			
Substantial Non-Compliance			

*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

PERFORMANCE CONTEXT

Description of Institution

Lowell Five Cent Savings Bank (Lowell Five) is a \$626.1 million dollar mutual savings bank headquartered at 34 John Street, Lowell, Massachusetts. The bank operates ten full-service branch offices throughout Northern Middlesex County. The main office and one branch are located in Lowell, and there is one branch each in Billerica, Chelmsford, Dracut, North Chelmsford, Tewksbury, Tyngsboro, Westford, and Wilmington. The Tyngsboro office is a school branch located inside the Greater Lowell Technical High School. The main office is located in a low-income census tract and the second Lowell location is in a moderate-income census tract. Seven of the remaining branches are in middle-income tracts and one is in an upper-income tract.

The bank offers a variety of consumer and commercial credit products, with a primary lending focus on residential mortgages. As of March 31, 2003, 67.1 percent of total loans consisted of those secured by 1-4 family residential real estate. Loans secured by commercial real estate accounted for the second most significant portion of total loans at 19.5 percent.

Market share information obtained from PCI Services, Inc. CRA WIZ, based on 2001 aggregate performance data, indicates 381 mortgage companies, savings banks, commercial banks, cooperative banks, and credit unions have either originated or purchased residential mortgage loans within the bank's assessment area. The bank's primary Lowell-based competitors are Jeanne D'Arc Credit Union, Washington Savings Bank, and Enterprise Bank and Trust. Reading-based MASSBANK for Savings also has a strong presence in Lowell.

There are no significant financial or legal impediments that limit the bank's ability to help meet the credit needs of its community. However, the bank does operate in a highly competitive environment. In 2001, the most recent time frame for which data is available, a total of 381 lenders originated home mortgage loans within the assessment area. The ever-increasing number of wholesale lenders and mobile originators in the area also contribute to the high level of lending competition the bank faces.

The bank's CRA performance was deemed "Satisfactory" at both the previous Commonwealth of Massachusetts Commissioner of Banks evaluation dated October 2, 2000, and the previous FDIC evaluation dated March 26, 2002.

Description of Assessment Area

The bank's current assessment area includes the City of Lowell and the Towns of Billerica, Chelmsford, Dracut, Dunstable, Groton, Pepperell, Tewksbury, Tyngsboro, Westford, and Wilmington. All municipalities are in Middlesex County and all are within the Lowell, MA-NH Metropolitan Statistical Area (MSA), with the exception of Wilmington, which is in the Boston, MA-NH MSA. The entire assessment area is included in the Boston-MA Consolidated Metropolitan Statistical Area (CMSA). The assessment area is composed of 52 census tracts, of which 6 are low-, 13 are moderate-, 24 are middle-, and 9 are upper-income. Five of the low-income and all 13 of the moderate-income census tracts are in Lowell. The one remaining low-income tract is in Tewksbury and is comprised primarily by a State hospital.

City of Lowell, Massachusetts

The City of Lowell, where the bank is headquartered, was once a thriving, manufacturing center, but has experienced a serious decline in the late 1980 and 1990/. Now efforts are being made to revitalize the community with assistance from local businesses, community groups, and local, state, and federal governments.

Throughout 2002 and year-to-date 2003, a portion of the City carried the designation of an Enterprise Community (EC) through an initiative by the Department of Housing and Urban Development (HUD) to develop distressed urban and rural communities nationwide. The portion of Lowell designated as an EC is made up of five low- and three moderate-income census tracts. The mission of the EC initiative is to create self-sustaining, long-term economic development in areas of pervasive poverty, unemployment, and general distress.

Substantial tax benefits are available to businesses that locate or hire within an EC. As of January 1, 2002, part of the EC was designated by HUD as a Renewal Community (RC). This designation makes the City eligible for an estimated \$17 billion in tax incentives to stimulate job growth, promote economic development, and create affordable housing.

The City of Lowell is situated at the intersection of Interstate Highway Routes 495 and 93, and U.S. Highway 3, which makes it accessible from points in Eastern Massachusetts and Southern New Hampshire. The Massachusetts Bay Transportation Authority provides commuter rail service to Boston and the Greater Lowell Transit Authority provides public bus service throughout Lowell and neighboring towns. The City is home to a University of Massachusetts campus and a Middlesex Community College campus, as well as two performing arts centers and minor league baseball and hockey teams.

The following demographic information pertains to the entire assessment area based upon 1990 census data from which 2002 analyses is derived:

Population

According to the 1990 U.S. Census, the total population of the assessment area is 288,834. This population comprises 98,309 households. Of these households, 5,430, or 5.5 percent, are located within the low-income census tracts and 17,764, or 18.1 percent are within the moderate-income census tracts. Of the total households in the assessment area, 22,265, or 22.7 percent, are low-income and 15,087, or 15.3 percent, are moderate-income.

Economy and Unemployment

Similar to most areas of Massachusetts, the assessment area had been experiencing positive economic conditions over the past few years. However, it has experienced an economic decline since mid-2001. The unemployment rate for Middlesex County steadily dropped through 2000, when it reached a 20-year low of 1.9 percent. However, the rate steadily increased during 2001 and 2002, averaging 3.1 and 4.9 percent respectively. The unemployment rate for the City of Lowell has traditionally been higher than that of Middlesex County but has experienced similar trends over the past several years. The City's rate reached a 17-year low of 3.3 percent in 2000, but has increased to 5.8 percent in 2001 and 8.2 percent in 2002. The unemployment rates for May 2003 were 4.8 percent for Middlesex County, 8.4 percent for the City of Lowell and 5.6 percent for the state of Massachusetts.

Housing Units and Owner Occupancy

There are 103,604 housing units in the assessment area, of which 66,510, or 64.2 percent, are owner-occupied and 19.2 percent are located in multi-family structures (five or more units). In the low-and moderate-income census tracts, the owner occupancy rates are even lower and the percentages of multi-family units are higher. In the low-income census tracts, 8.7 percent of units are owner-occupied and 67.3 percent of all units are in multi-family structures. In the moderate-income census tracts, 33.8 percent of all units are owner-occupied and 31.3 percent of all units are in multi-family structures.

Housing Prices

Home prices have been increasing significantly over the past few years. According to the 1990 U.S. Census, the median housing value in the assessment area was \$140,363. More recent data obtained from *The Warren Group* shows that median home prices in 2002 in the 11 municipalities in the assessment area ranged from \$175,000 in Lowell to \$433,000 in Westford.

The median prices represent a trend of significant appreciation consistent with most real estate values in eastern Massachusetts. In comparison to median home prices in 2001, the median home prices in the 11 assessment area towns continue to reflect increases in

2002. Some examples include 14 percent increase in Westford, 16.6 percent in Lowell and 14.3 percent in Chelmsford.

Change in Demographics

In 2003, the US Census Bureau released its revised demographics based upon 2000 census data. The following table reflects both the 1990 and 2000 census data of Lowell Five's assessment area by census tract income categories. This information is included since year-to-date 2003 data was analyzed based upon the 2000 census. As the table below indicates, the number of census tracts within the assessment increased by 14 tracts overall, or 26.9 percent. The greatest change occurred in upper income census tracts, which experienced a 100 percent change in the number of tracts, going from 9 to 18 census tracts.

Change in Assessment Area Demographics					
Census Tracts	1990 Census Data		2000 Census Data		% Change in Number of Census Tracts
	#	%	#	%	
Low	6	11.5	8	12.1	33.3
Moderate	13	25.0	14	21.2	0.1
Middle	24	46.2	26	39.4	0.1
Upper	9	17.3	18	27.3	100.0
NA	0	0.0	0	0.0	0.0
Total	52	100	66	100	26.9

Source: PCI Services, Inc., CRA Wiz Software.

According to 2000 census data, in Lowell Five's assessment area, there are 112,524 housing units within the assessment area, of which 68 percent are owner-occupied, 29 percent are rental occupied units and 2 percent are vacant housing units. One to four family properties comprise 81 percent of the total housing units. The median home value of the assessment area is \$181,103 based on 2000 US Census Data.

Community Contacts

Two contacts were made with local community organizations. Both contacts indicated that more first time homebuyer products and soft second programs might enable more low- and moderate-income residents to purchase homes in the area, particularly in light of the rising cost of housing. Additionally, they indicated that there is a need for education and training for small business owners regarding various small business loan products and programs. This training would be extremely helpful in areas where there are a number of immigrant small business owners who might not be as familiar with area financial institution programs and loan product offerings.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The institution's Lending Test performance was rated an overall "Satisfactory." The institution's lending efforts are rated under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the bank's performance.

Scope of Evaluation

The lending test evaluates an institution's record of helping to meet the credit needs of its assessment area based on an analysis of its residential mortgage, small business, and community development loans. Residential mortgage loans and small business loans originated during 2002 and year-to-date March 31, 2003 were included in the bank's performance. Small farm loans are not offered by the bank and therefore were not considered in the analyses. Emphasis is placed on home mortgage loans rather than small business loans, considering that home mortgage loans (including multi-families) represent 72 percent of the bank's total loans. Emphasis is also placed on the number of loans made rather than the dollar volume.

The data used to evaluate the bank's lending was derived from the HMDA/LAR (Home Mortgage Disclosure Act/ Loan Application Register), the bank's small business loan register, and the bank's community development loan register.

The bank's performance with respect to the Lending Test is rated satisfactory, indicating a reasonable level of responsiveness to the credit needs of the community.

I. Lending Activity

Lowell Five's lending activity reflects an adequate level of responsiveness to the credit needs of its assessment area. This finding was based upon an analysis of the bank's net loan-to-asset (LTA) and net loan-to-deposit (LTD) ratios, as well as the distribution of home mortgage and small business loans inside versus outside the assessment area.

The average net LTA ratio over the most recent eight quarters was 44.9 percent. The ratio analyses revealed a steady decline from a high of 53.4 percent for the quarter ending June 30, 2001 to a low of 34.5 percent for the quarter ending March 31, 2003. Over this same time period the asset size of the institution grew 14.9 percent from \$545,085,000 to \$626,125,000. The major area of asset growth was in the bank's securities portfolio, which grew from \$188.5 million to \$302.1 million, a 60.3 percent increase. Correspondingly, net loans decreased 25.8 percent from \$291,288,000 to \$216,145,000.

It is important to note that the institution table funded 66 loans totaling approximately \$24.3 million during 2002. This activity assisted in slowing the declining trend of the LTA ratios.

The average net LTD ratio over the last eight quarters was 52.7 percent. This ratio has also shown a steady decline from a high of 63.1 percent as of June 30, 2001 to a low of 40.3 percent as of March 31, 2003. As was the case with asset growth, deposit growth significantly outpaced loan growth as deposits grew by 16.1 percent while loans decreased by 25.8 percent.

The level and trend of these ratios indicate a significant decline. Management indicated that the decline in the loan portfolio was a result of major refinancing activity of residential mortgages due to declining interest rates. A highly competitive market environment, product offerings and pricing all had an adverse effect on the portfolio.

Residential Mortgage Lending

Lowell Five's Loan Application Registers (LARs) were reviewed to determine the amount of credit extended within the bank's assessment area. During this period, the bank originated 409 HMDA-reportable loans totaling \$75.7 million. Of this amount, 281 loans, or 68.7 percent of the number and \$37.1 million or 48.9 percent of the dollar volume was originated in the bank's assessment area.

Refer to the following table for additional information regarding the bank's HMDA-reportable lending, by both number and dollar volume.

Distribution of Home Mortgage Loans Inside and Outside the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2002	240	66.5%	32,619	46.8%	121	33.5%	37,019	53.2%
Y-T-D 2003	41	85.4%	4,438	73.0%	7	14.6%	1,643	27.0%
Total	281	68.7%	37,057	48.9%	128	31.3%	38,662	51.1%

Source: HMDA/LAR, CRA Wiz

According to the most recent aggregate lending data available, 2001, the top three lenders in the assessment area were Washington Mutual Bank, FA with a 6.2 percent market share, Countrywide Home Loans with 5.5 percent market share and Fleet National Bank, with a 5.0 percent share of the market.

Small Business Lending

Lowell Five's Small Business Loans Registers (SBLRs) were reviewed to determine the amount of credit extended within the assessment area. For purposes of this loan register, a small business loan is defined as "a loan with an original amount of \$1 million or less that is: secured by non-farm nonresidential properties; or commercial and industrial loans to US addressees, as defined in the FDIC Call Report Instructions." The bank originated 58 small business loans totaling \$9.2 million during this period. A total of 53 loans totaling \$8.6 million were originated to businesses within the bank's assessment area, representing 91.4 percent by number and 93.3 percent by dollar volume. Please refer to the following table detailing the distribution of small business loans inside and outside the assessment area.

Distribution of Small Business Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2002	41	89.1%	6,197	91.0%	5	10.9%	613	9.0%
Y-T-D 2003	12	100.0%	2,404	100.0%	0	0.0%	0	0.0%
Total	53	93.3 %	8,601	94.0%	5	6.7%	613	6.0%

Source: CRA Data Collection

By number, the City of Lowell accounted for the largest number of originations with 31 percent followed by Chelmsford with 20.7 percent. Lowell also accounted for the largest dollar volume of small business originations with 30.9 percent followed by Chelmsford with 26.8 percent. As shown in the above tables, the small business loan distribution reflects an adequate responsiveness to the assessment area's credit needs.

The overall level and dispersion of lending activity by the bank is considered adequate.

II. Geographic Distribution of Loans

Residential Mortgage Lending

The following analysis provides a breakdown by product type, number and percentage, the bank's HMDA-reportable loans within its assessment area according to census tract income level. Refer to Appendix A for Core Table analysis.

FFIEC Table 2a shows the geographic distribution of home purchase loans. This table reflects a penetration throughout the assessment area's census tracts. The bank originated 38 home purchase loans in 2002. The highest percentage of loans was originated within the area's middle-income census tracts with 57.89 percent of the total number of home purchases in 2002 originated in these tracts. This loan volume is appropriate considering the high number of middle-income census tracts in the assessment area and the high percentage of owner-occupied housing units in those tracts. Upper-income census tracts accounted for 26.32 percent of loans originated in 2002, which is consistent with the proportion of owner-occupied housing located in those census tracts. Moderate-income census tracts accounted for 5.26 percent of home purchase loans in 2002. The bank originated 10.53 percent of its home purchase loans in low-income census tracts in 2002. This loan percentage volume exceeds the percentage of owner occupied units in these tracts. The bank's level of activity relating to home purchase loans, when compared to the aggregate lending activity on a percentage basis, indicates that the bank had a higher percentage of its originations in low- and upper-income tracts, while the aggregate percentage of originations exceeded the bank's in moderate- and middle-income tracts. The bank made 10.53 percent of its loans in low-income geographies, compared to the aggregate which made 2.61 percent

In upper-income census tracts, the bank made 26.32 percent of its in comparison to the aggregate which made 22.62 percent. In moderate-income census tracts, however, the bank made only 5.26 percent of its, compared to the aggregate which originated 12.55 percent of all loans.

FFIEC Table 3a shows the geographic distribution of home improvement loans. The bank originated twenty-two home improvement loans for 2002. The majority of these loans, 63.64 percent, were in middle-income census tracts. The largest portion of households also occurs in the middle-income census tracts with 64.47 percent of households falling in these geographies. The aggregate also made the majority of its loans within middle-income census tracts. The bank originated 18.18 percent of its home improvement loans in both the moderate- and upper-income census tracts respectively. The bank's lending at 18.8 percent in the moderate-income census tracts exceeded the performance of the aggregate, which made only 10.69 percent in those tracts. The bank made no home improvement loans in low-income census tracts.

FFIEC Table 4a shows the geographic distribution of home mortgage refinance loans. Home mortgage refinance loans represent the highest level of residential lending activity for the bank and overall marketplace. The bank originated 163 loans in 2002. Again, the bank originated the highest percent of loans in the middle-income census tracts with 73.62 percent of the total number of refinances for 2002. This loan volume is appropriate considering the high number of middle-income census tracts in the assessment area and the high percentage of owner-occupied housing units in those tracts. The bank originated 20.25 percent of its loans in the upper-income census tracts in 2002, which is slightly below the 24.75 percent of owner-occupied properties located there. Originations in moderate- and low-income tracts were 5.52 percent and 0.61 percent respectively. The bank fell below the aggregate in lending within these census tracts, with the aggregate making 7.86

percent and .94 percent of its loans in moderate and low-income census tracts, respectively. The bank slightly exceeded the aggregate in lending within middle-income census tracts where the majority of the bank's loans were made at 73.62 percent, in comparison to 67.67 percent for the aggregate.

FFIEC Table 5a shows the geographic distribution of multifamily loans. The bank originated 17 multifamily loans during 2002. The percentage of originations of multifamily loans either mirrored or in some cases exceeded the percentage of multifamily units within census tract geographies, with the exception of low-income tracts where the percentage of originations was less. Lowell Five made 41.18 percent of its multi-family loans in moderate-income census tracts, in comparison to the 30.99 percent of multi-family units located in those tracts. The bank made only 5.88 percent of its multi-family loans in low-income geographies, in comparison to the 20.70 percent of multi-family units located there.

Aggregate comparisons indicate that the aggregate outperformed the bank in low- and moderate-income geographies, while the bank percentage of multifamily originations exceeded the aggregate in middle and upper tracts.

The breakdown of residential lending activity for year-to-date March 31, 2003 indicates that 38, or 79.2 percent of the 48 total originations, were home mortgage refinance loans. There were 6, or 12.5 percent, home purchase loans, 3 multifamily loans and 1 home improvement loan.

The following table indicates the level and dispersion of all HMDA reportable loans for the time period covered by this evaluation. The percentage of originations is compared to the percentage of owner occupied units by census tract income level.

Distribution of HMDA-Reportable Loans Within the Assessment Area by Census Tract Income Level								
Census Tract Income Level	Owner-Occupied Properties		2002		2003-YTD		Total	
	#	%	#	%	#	%	#	%
Low	530	0.8	6	2.5	2	4.2	8	2.8
Moderate	6,640	10.0	22	9.2	5	10.4	27	9.4
Middle	42,878	64.5	163	67.9	17	35.4	180	62.5
Upper	16,462	24.7	49	20.4	24	50.0	73	25.3
Total	66,510	100.0	240	100.0	48	100.0	288	100.0

Source: HMDA/LAR Data for the period 1/1/2002 to 03/31/2003

As indicated above, the percentage of originations by census tract income level closely mirrors the percentage of owner occupied properties throughout the assessment area. The percentage of originations shows an adequate level of dispersion across all geographic income levels.

For informational purposes, the most recent available aggregate data for calendar year 2001 was looked at for comparative purposes. This data revealed that the aggregate originations in low- and moderate-income geographies totaled 18.2 percent of all HMDA reportable originations as compared to 12.1 percent for the bank. The bank outperformed the aggregate in middle-income tracts by originating 67 percent of its loans in those tracts as compared to 56 percent for the aggregate. The bank originated 21 percent of its loans in upper-income census tracts while the aggregate originated 25.8 percent.

Small Business Lending

Lowell Five Cents Savings Bank's small business loans were also analyzed to determine the distribution by census tract income level within its assessment area. The following table depicts this distribution by number of loans.

Distribution of Small Business Loans by Census Tract Income Level						
Census Tract Income Level	2002		2003-YTD		Total	
	#	%	#	%	#	%
Low	8	20.0	3	25.0	11	20.8
Moderate	2	5.0	3	25.0	5	9.4
Middle	19	46.0	4	33.3	23	43.4
Upper	12	29.0	2	16.7	14	26.4
Total	41	100.0	12	100.0	53	100.0

Source: Small Business Loan Registers for the period 1/1/2002 to 3/31/2003

Dollar Volume of Small Business Loans Within Assessment Area by Census Tract Income Level						
Census Tract Income Level	2002		Y-T-D 2003		Total	
	\$ (000)	%	\$ (000)	%	\$ (000)	%
Low	1,328	21.5	822	34.2	2150	25.0
Moderate	212	3.4	370	15.4	582	6.8
Middle	2,084	33.6	1,206	50.2	3290	38.2
Upper	2,573	41.5	6	0.2	2579	30.0
Total	6,197	100.0	2,404	100.0	8,601	100.0

Source: Small Business Loan Registers for the period 1/1/2002 to 3/31/2003

As shown above, the majority of the loans were extended to businesses in middle- and upper-income census tracts. While the number of small business loans is small, it is noteworthy that approximately 30 percent of the number and 32 percent of the dollar amount of small business loan originations were in low- and moderate-income census tracts. This dispersion indicates willingness on the part of the bank to assist in meeting the credit needs of small businesses in low- and moderate-income geographies.

To summarize the geographic distribution of the bank HMDA reportable and small business lending is greatest in the middle-and upper-income census tracts where the majority of census tracts, housing units, and businesses are located as well as the highest levels of aggregate lending. The bank's performance in low- and moderate-income census tracts closely mirrors the housing and aggregate percentages. Therefore, the bank's performance relating to the geographic distribution of its lending activity is deemed to be adequate.

III. Distribution of Loans by Borrower Income

Residential Mortgage Lending

This factor assesses how well the bank is addressing the housing credit needs of the area's low-, moderate-, middle-, and upper-income residents. Special consideration is placed on Lowell Five's record of lending to low- and moderate-income borrowers residing in the assessment area. Information in the HMDA LARs concerning residential mortgage lending shows a good distribution of loans among all income levels, especially both low- and moderate-income categories.

FFIEC Table 8a shows borrower distribution of home purchase loans. The bank originated 38 loans in 2002. The dispersion of lending among this product line indicates a good level of lending to low- and moderate-income borrowers as the bank originated 11.11 percent and 25.00 percent of its loans to low and moderate-income borrowers respectively. This performance exceeded the aggregate, which made 6.56 percent and 21.83 percent of its loans in those income tracts, respectively. In the case of moderate-income borrowers, the bank's performance at 25 percent also exceeds the percentage of families falling into that category, which accounted for 17.62 percent of all families. The bank's performance in lending 11.11 percent of its funds to low-income borrowers who represented 17.86 percent of all families is somewhat less favorable; however, it should be noted that this income level also includes very low-income individuals for whom home-ownership may not be affordable.

The upper-income borrowers accounted for the single greatest share of home purchase loans originated at 36.11 percent followed by middle-income borrowers at 27.78 percent. These levels were slightly lower than aggregate lending and closely mirrored the percentage of those family households in assessment area.

FFIEC Table 9a shows the borrower distribution of home improvement loans. The bank originated 22 home improvement loans in 2002. It is noteworthy, although the number of home improvement loans are low, that 14, or 63.63 percent, of the home improvement loans were to low- and moderate-income borrowers combined. The bank made or 36.36 percent of its loans to low-income borrowers and 27.27 percent to moderate-income borrowers.

This percentage far exceeded that of aggregate lenders which made only 6.62 percent of its loans to low-income borrowers and 18.87 percent to moderate-income borrowers. The bank's level of lending to middle-income borrowers is closely in line with the aggregate lending percentage whereby the bank was approximately 32 percent while the aggregate was approximately 33.6 percent. The largest area of disparity is the lending to upper-income borrowers whereby the bank only originated one home improvement loan, or 4.55 percent, as compared to the aggregate lending level of 40.9 percent.

FFIEC Table 10a shows the borrower distribution of home mortgage refinance loans. The bank originated 163 loans in 2002. The majority of the bank's lending activity was in the area of home mortgage refinancing. The bank's percentage of home mortgage refinance loans to low- and moderate-income borrowers is considered very good. The bank originated 12.26 percent and 32.9 percent of these loans to low- and moderate-income borrowers respectively. This percentage of origination far exceeded aggregate lending levels that rest at 5.3 percent and 20.63 percent respectively. When compared to the percentage of family households within the assessment area, the percentage of originations is also favorable. The low-income 12.26 percent of the originations compares well to the 17.86 percent of families falling in low-income categories. Additionally, the bank's level of originations at 32.9 percent of loans to moderate-income borrowers exceeds the 17.62 percent of moderate-income family households in the assessment area.

The breakdown of residential lending activity for year-to-date March 31, 2003 indicates that 38, or 79.2 percent of the 48 total originations, were home mortgage refinance loans. There were 6, or 12.5 percent, home purchase loans, 3 multifamily loans and 1 home improvement loan.

The following table indicates the level and dispersion of all HMDA reportable loans for the time period covered by this evaluation. The percentage of originations is compared to the percentage of family households within the assessment area.

Distribution of HMDA-Reportable Loans to Borrowers of Different Income Levels								
Borrower Income Level	Family Households		2002		2003-YTD		Total	
	#	%	#	%	#	%	#	%
< 50%	13,268	17.8	31	12.9	11	26.8	42	14.9
50 - 79%	13,090	17.6	66	27.5	13	31.8	79	28.1
80 - 119%	20,042	27.0	62	25.8	8	19.5	70	24.9
> = 120%	27,909	37.6	54	22.5	8	19.5	62	22.1
NA	0	0.0	27	11.3	1	2.4	28	10.0
Total	74,309	100.0	240	100.0	41	100.0	281	100.0

Source: HMDA/LAR Data for the period 1/1/2002 to 03/31/2003

As indicated above, the percentage of originations by borrower income level reveals good percentages of lending to low- and moderate-income borrowers when compared to the percentage of family households throughout the assessment area. The bank originated 14.9 percent and 28.1 percent of its HMDA reportable loans to low- and moderate-income borrowers, respectively. This percentage of originations shows a good level of dispersion across all geographic income levels.

For informational purposes, the most recent available aggregate data for calendar year 2001 was looked at for comparative purposes. This data revealed that the aggregate originations in low- and moderate-income levels totaled 22.4 percent of all HMDA reportable originations as compared to 38.8 percent for the bank. The bank outperformed the aggregate in middle-income tracts by originating 30.8 percent of its loans in those tracts as compared to 25 percent for the aggregate. The bank originated 25.4 percent of its loans in upper-income census tracts while the aggregate originated 33.4 percent. It would appear that the bank has been able to maintain its good level of lending to low- and moderate-income borrowers, thereby assisting in meeting the credit needs of those borrowers.

Small Business Lending

The 53 small business loans originated within the bank's assessment area from January 1, 2001 through March 31, 2003 were further analyzed to determine the loan amount at origination. By number, 28 or 52.8 percent of the loans had amounts less than or equal to \$100,000, 12 or 22.7 percent had loan amounts between \$100,000 and \$250,000 and 13 or 24.5 percent had loan amounts greater than \$250,000.

By dollar amount, 14.2 percent of the loans had amounts less than or equal to \$100,000 and 22.9 percent had loan amounts between \$100,000 and \$250,000. The remaining 62.9 percent had loan amounts greater than \$250,000.

The small business loans originated within the bank's assessment area during this period were also analyzed to determine the distribution among businesses of various sizes. Of the 53 loans originated, 42, or 79.3 percent, were originated to small businesses that had gross annual revenues under \$1 million. The bank has done an adequate job of meeting the credit needs of small businesses within its assessment area particularly by originating the majority of its loans to small businesses with gross annual revenues of less than \$1 million and in dollar amounts less than \$100,000.

To summarize the borrower distribution of the bank, lending percentages show that the bank has maintained a good level of lending to low- and moderate-income borrowers as well as an adequate volume of small business loans originated to businesses with revenues less than \$1 million.

Other Lending

FFIEC Table 1- "Other Products" was excluded because the bank did not present other optional loans for evaluation. If data were presented, FFIEC Table 13, also excluded, would have reflected the geographic and borrower distribution of consumer loans.

IV. Community Development Lending

The institution's community development lending activities are evaluated pursuant to the following criteria: 1) the extent to which community development lending opportunities have been made available to the institution; 2) the responsiveness of the institution's community development lending; and 3) the extent of leadership the institution has demonstrated in community development lending.

A community development loan:

- Has as its primary purpose community development
- Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family dwelling loan; and
- Benefits the bank's assessment area or a broader statewide or regional area that includes the assessment area.

The institution's performance under this factor is considered to be marginally adequate.

Multifamily Loans

Lowell Five has made a number of loans for the purpose of purchasing, refinancing, and/or rehabilitating multi-family properties. Over the period reviewed, the bank originated 7 permanent loans secured by multi-family properties located in moderate-income census tracts within the assessment area totaling \$1,448,000. All of these originations occurred in 2002.

Downtown Venture Fund

The bank committed to a second year of funding of this venture fund loan pool. The fund was formed to assist in funding new and expanding businesses in the downtown Lowell area. Funding is provided through the City of Lowell, Lowell Development and Financial Corporation (LDFO), Community Development Block Grant Funds, Life Initiative and loans from 8 local financial institutions. The bank's loan was in the amount of \$45,000 in 2002. This is in addition to an equal amount funded in the prior evaluation period. During this examination timeframe, the bank was requested for a similar amount for 2003, however the request and commitment was made after the time period covered by this evaluation and will be recognized in the next evaluation period.

Terms of the loan call for a ten-year term with deferred principal and interest for the first year. Accrued interest will be added back to the loan balance and spread over the

remaining nine years. Principal and interest payments will be paid for the nine year term based upon a 20 year amortization schedule with a balloon payment at the end of the tenth year. The LDFC administers the loan pool.

Qualified Non-profit Agencies

The bank originated an unsecured line of credit in the amount of \$100,000 to a Lowell-based non-profit organization that provides educational, daycare, recreational and other social services to area low- and moderate-income families and individuals.

Julian D. Steele Housing Development Project

The bank continues to carry its commitment from 1999 to participate, with other area institutions, in underwriting the revitalization and expansion of affordable housing in the City of Lowell. A total of \$20 million has been committed of which \$3.6 million has been made by this institution. The project will entail the rehabilitation of the J.D. Steele housing development, a 284 unit subsidized affordable housing complex, into 400 units of mixed income occupancy. 180 units will be located and sold to qualified low- and moderate-income buyers on the current site with an additional 220 rental units replicated through out the City of Lowell. Committed funds will be used for ongoing construction, soft and financing costs.

V. Innovative or Flexible Lending Practices

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria:

1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and 2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

The bank's performance under this factor is considered adequate. Lowell Five offers various credit products that help serve the credit needs of the assessment area, some of which specifically address needs identified by community groups during contacts made by examiners. These products are described below.

- **Lowell Five Affordable Home Mortgages** - This product is offered to first-time homebuyers wishing to purchase homes in the assessment area, which is one of the needs identified by the community contacts. The program features below-market interest rates, higher qualifying ratios, and flexible down payment sources. Although the income requirements are not limited to just low- and moderate-income borrowers, the program's favorable terms increase the likelihood of qualifying by these borrowers.

- **Massachusetts Housing Finance Agency (MHFA) Get the Lead Out** - The bank receives referrals for this program from the City of Lowell's Lead Paint Abatement Program and from Community Teamwork, Inc., a community development corporation. MHFA funds the loans, but Lowell Five underwrites the applications, prepares all documentation, and supervises the loan closings. The bank receives a flat fee of \$500 for performing these services. Lowell Five is the only financial institution in Lowell that participates in this program. They helped originate 8 loans in 2002.
- **Small Business Administration (SBA)** - Lowell Five is an approved SBA lender, offering the "7A" and "Low Doc" programs. The 7A program provides loans for start-up costs to small businesses. Under the program, the bank funds the entire loan and the SBA guarantees a certain percentage (75 percent to 90 percent) depending on the use of the loan proceeds. The Low Doc program features minimal documentation requirements and relies on the character and business experience of the applicant, rather than the availability of collateral. The SBA guarantees 90 percent of Low Doc loan amounts. Lowell Five originated 1 SBA loan under these programs in 2002. Offering these loans helps address a need identified by community contacts.
- **Reverse Equity Mortgages** – The bank offers reverse mortgages through the Homeownership Options for Massachusetts Elders (H.O.M.E.) program. These loans give low- and moderate-income elderly borrowers the ability to stay in their homes by providing them with monthly payments for a fixed length of time based on the equity in the home. Over the period reviewed, Lowell Five made no loans under this program.

VI. Fair Lending Policies and Practices

Lowell Five's fair lending information was reviewed to determine how it related to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

The bank maintains a fair lending policy aimed at preventing illegal discrimination and that adequately addresses the Division Regulatory Bulletin 2.3-101 and other aspects of fair lending. Through a review of the bank's files it appears that the bank follows its procedures set forth in the loan policy.

The bank provides employees with training on a variety of fair lending and diversity issues. Lowell Five's marketing efforts are done primarily through local radio, cable and newspaper advertisements that reach the entire assessment area. In addition, members of the bank are actively involved in the community and use their numerous contacts to help determine the credit needs of the assessment area.

The bank offers different types of flexible products that are effective in providing credit to those whose would not qualify under conventional lending standards. Please refer to

Section V. "Innovative or Flexible Lending Practices" under the lending test for a list of flexible products.

Lowell Five has a second review system in place for all credit applications that are not approved. Before an applicant is denied, a second lending officer must review the application and if they concur, the loan will not be made. At this point the application, supporting documentation forwarded to the bank's chief lending officer for final concurrence.

The bank has an internal control procedures in which the bank's compliance officer checks for compliance with various fair lending laws such as the Equal Credit Opportunity Act, Home Mortgage Disclosure Act and the Community Reinvestment Act.

Lowell Five refers all loan customers whose home loan is delinquent to the appropriate credit counseling services available in the area. A form containing the names, addresses and phone numbers of various counseling agencies is mailed to the borrower.

Minority Application Flow

A review of residential loan applications was conducted in order to determine the number of applications the bank received from minorities. In 2002 and year-to-date 2003 the bank received 311 residential loan applications from within its assessment area. During this period, 19 applications, or 6.1 percent, were received from minorities. Refer to the following table for further details.

MINORITY APPLICATION FLOW*								
RACE	RACIAL MAKEUP OF ASSESSMENT AREA 2000 CENSUS DATA		BANK 2002		BANK Y-T-D 2003		BANK TOTAL	
	#	%	#	%	#	%	#	%
Native American	486	0.2	1	0.4	0	0.0	1	0.3
Asian	22,783	7.3	9	3.4	1	2.1	10	3.2
Black	4,977	1.6	0	0.0	1	2.1	1	0.4
Hispanic	17,333	5.5	2	0.8	0	0.0	2	0.6
Joint Race	N/A	0.0	3	1.1	0	0.0	3	1.0
Other	5,989	1.9	1	0.4	1	2.1	2	0.6
Total Minority	51,568	16.5	16	6.1	3	6.3	19	6.1
White	260,567	83.5	237	90.1	44	91.7	281	90.4
NA	N/A	0.0	10	3.8	1	2.0	11	3.5
Total	312,135	100.0	263	100.0	48	100.0	311	100.0

*Source: PCI Services, Inc., CRA Wiz Software.

The bank's minority application flow for this period was compared with the racial make-up of the assessment area within the assessment area. The comparison of this data assists in deriving reasonable expectations for the institution's minority application flow. According to 2000 Census Data, the bank's assessment area contained a total population of 312,135 individuals of which 16.5 percent are minorities. In comparison the bank received applications of which 6.1 percent were from minorities over the time period covered. Aggregate lending information was not available for 2002. However, aggregate lending information for 2001 was available and reviewed for informational purposes only. Data for 2001 indicated that, of the 20,764 HMDA-reportable applications received within the assessment area in 2001, 9.8 percent were from minorities, compared to the bank's 2001 data with 8.1 percent to minorities. It would appear that the bank's level of applications from minorities is significantly lower than the racial makeup of the assessment area, however just slightly lower than the aggregate lending performance level.

VI. Loss of Affordable Housing

The bank's participation in community development lending activities and government lending programs, along with its development of credit products with flexible lending criteria, has assisted low and moderate-income individuals to remain in their neighborhoods.

INVESTMENT TEST

The investment test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment area(s) or a broader statewide or regional area that includes the institution's assessment area(s). Activities considered under the lending or service test may not be considered under the investment test.

The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

The level of qualified investments made by the bank during 2002 and year-to-date 2003 is considered adequate. Thus, the rating of this component is Satisfactory.

In November 2002, the bank purchased a FGLMC mortgage-backed security bond. The bond is securitized by 8 residential mortgages, all of which were made to low- or moderate-income borrowers for properties in eastern Massachusetts. Two of the properties are within the bank's assessment area. The face value of the security as of the purchase date was \$1,251,216, which represents 0.4 percent of the bank's total investments as of the same date.

The remaining qualified investments consist of charitable donations. Bank management has shown its commitment to supporting activities within the assessment area by the level of donations made to local organizations. In 2002, the bank made a total of \$249,000 in charitable donations. Of this amount, 18.9 percent, or \$47,135, was used for community development purposes. In 2003, the bank made a total of \$90,550 in charitable donations, of which \$52,750, or 58.3 percent was used for community development purposes.

The following list details a sample of the organizations that benefited from the bank's contributions.

- **The Lowell Plan** - A private, non-profit, economic development corporation formed to stimulate the ongoing economic development of the City of Lowell. The organization has become a major component of the City's revitalization efforts, including projects related to construction and restoration, planning studies, canal-way development, housing development, and education.

- **United Way of Merrimack Valley** - The United Way's mission is to improve the lives of children, families, the hungry, the homeless, the elderly, and the disabled. This chapter of the United Way serves about 54 community organizations throughout the Merrimack Valley, of which 60 percent are located in the Cities of Lowell, Lawrence, and Haverhill. These three cities contain 53 census tracts, of which 39, or 74 percent, are low- and moderate-income.
- **Merrimack Valley Housing Partnership** - A community-based organization whose primary mission is to educate potential first-time homebuyers.
- **Spindle City Corps** - A program designed to get young people involved in community service initiatives. Service projects are chosen based on their impact on the community. The majority of the participants are low- and moderate-income, and the bank's donations directly support the educational scholarships participants receive upon completing the program.
- **Lowell Small Business Assistance Center** - A resource for free professional consulting, counseling, and training for people who want to start or improve their own small business. The center offers use of computers, business-related software, instructional videos and other reference materials.

SERVICE TEST

Scope of Test

The service test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that primarily serve low- or moderate-income individuals; 3) the availability and effectiveness of alternate systems for delivering retail banking services; and 4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

Lowell Five's overall performance with respect to the Service Test is rated High Satisfactory.

The following pages detail the bank's retail and community development services. Retail services are comparable to those offered by other area institutions and the level of service provided to community development organizations is good.

Retail Services

Accessibility of Delivery Systems

As mentioned under "Description of Institution" the bank maintains 10 retail offices. The main office and one branch are in Lowell and additional branches are in Billerica, Chelmsford, Dracut, North Chelmsford, Tewksbury, Tyngsboro, Westford, and Wilmington. The bank maintains branch opening and closing policies.

Alternate Delivery Systems

- The bank owns and operates an automated teller machine (ATM) at each branch location. Network affiliations include NYCE and Cirrus. The bank is a member of SUM, the statewide alliance of banks that do not invoke ATM surcharges for non-bank customers who use ATMs to access their accounts at other SUM-member banks..
- In December 1999, the bank added a MasterMoney debit card feature to its ATM cards, which allows customers to pay for purchases using money in their checking accounts without having to write checks.
- Direct deposit, night depository services, overdraft protection, pre-authorized transfer service, and wire transfer service are also available to customers. Customers may also make deposits by mail.
- The bank offers telephone banking to its customers at no cost. The service is available 24 hours a day for obtaining existing account information, current interest rates, and general bank information, as well as to make transfers between Lowell Five accounts.
- The bank maintains an internet web site, which includes information on products, services, and interest rates offered, as well as general bank information and links to other websites related to the City of Lowell.
- Six of the ten branch locations offer drive-up window service. All drive-up windows offer extended hours (see below for details).

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Banking hours and services provided are good. All offices open at 9:00 a.m. Monday through Saturday and are open until 7:00 p.m. on either Thursday or Friday. All offices close at 12:00 noon on Wednesday and 1:00 p.m. on Saturday. The six drive-up windows open at 8:00 a.m. Monday through Friday and stay open one hour later than the lobbies three days per week. The only exception to these hours is the branch at Greater Lowell Technical High School, which is open Monday through Friday from 8:30 a.m. to 1:30 p.m., only during the school year.

The following are additional services the bank provides which help meet the needs of certain segments of the assessment area.

- **Basic Banking for Massachusetts** - As a participant in this Massachusetts Bankers Association program, the bank offers low cost checking and savings accounts.
- **Voluntary Government Check Cashing** - The bank also participates in this program organized by the Massachusetts Community Banking Council by allowing non-customers to cash government checks.
- **Educational Savings Programs** – For approximately 50 years, the bank has been sponsoring a School Banking Program. They presently serve 20 schools in 5 communities within their assessment area. A bank representative visits each school twice a week, picking up passbooks and deposits one day and returning the passbooks on the second day.
- **Bi-lingual Services** – The bank currently employs 37 individuals who speak English as well as one other language. The languages include Spanish, Portuguese, Khmer, Hindi, Cambodian, Chinese, Italian, Kanada, Korean, and Telugu. As a service to foreign-speaking customers, the bank maintains a list of these employees and makes them available to serve as interpreters when needed.
- **Services for Blind and Visually Impaired** - The bank offers large print checks and large print periodic statements to customers at no charge.

Community Development Services

The bank's degree of involvement in community organizations is good. Through the participation of various members of management, the bank is involved in several community development initiatives within the assessment area. The following list details the bank's involvement.

- **The Lowell Plan and the Lowell Development and Financial Corporation** - These two organizations are active players in planning the economic development and stabilization of Lowell. Two bank officers are on the Board of each organization and one also serves as Treasurer of the Lowell Plan.
- **Greater Lowell Small Business Assistance Center** - A bank officer serves as a counselor at this resource center for start-up and existing small businesses.
- **Habitat for Humanity** - The mission of Habitat for Humanity is to build or rehabilitate affordable housing for low- and moderate-income families. A bank officer is a Director and Treasurer of this organization.
- **Cambodian American League of Lowell (CALL)** - This organization founded the Microenterprise Loan Fund, which helps provide business opportunities for immigrants, refugees, and other low-income individuals. The fund provides access to capital and exposure to the business world through training, technical assistance, and other resources. A bank officer serves on the Microenterprise Loan Advisory Board of this organization and two officers have taught business classes.
- **Merrimack Valley Housing Partnership** - This organization's primary function is homebuyer education. Two bank officers have taught one of the homebuying courses and/or provided credit counseling to the course participants.
- **Julian Steele Housing Project** - This project, which is still in the planning phase, was developed to help provide affordable housing in an area of currently comprised of older and vacant housing units. A bank officer is on the project's committee and designed the loan program to fund the project.

Financial Education Programs

Lowell Five operates a High School branch at the Greater Lowell Regional Vocational High School. The students enrolled in the business program work at the branch and perform all of the functions needed to run a "normal" branch operation

APPENDIX A

SCOPE OF EXAMINATION: Lowell Five Cent Savings Bank has one assessment area that was reviewed on-site using the Large Bank CRA evaluation Procedures. The evaluation included an assessment of the bank's performance within the assessment area, which is included the Boston-MA Consolidated Metropolitan Statistical Area (CMSA). A review of the Divisions records, as well as the bank's CRA Public File, did not reveal any adverse comments relating to the bank's CRA performance since the prior examination. The period under review is January 1, 2002 through March 31, 2003. Residential lending activity as well as CRA small business and community development lending activity was based upon the 2002 and year-to-date March 31, 2003 HMDA loan application registers, CRA small business loan registers and community development loan registers.

APPENDIX B

Institution ID: THE LOWELL FIVE CENT SAVINGS BANK

Table 1. Lending Volume

LENDING VOLUME													Geography: LOWELL FIVE				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002			
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA***								
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)									
Full Review:																				
LowellFive - 1990Census	100.00	240	32,619	0	0	0	0	0	0	240	32,619	0.00								

* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Community Development Loans is From January 01, 2002 to December 31, 2002.

*** Deposit Data as of December 31, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: THE LOWELL FIVE CENT SAVINGS BANK

Table 1. Other Products

LENDING VOLUME				Geography: LOWELL FIVE				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002						
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA	Total Optional Loans		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:														
LowellFive - 1990Census	0.00	0	0	0	0	0	0	0	0	0	0	0	0	0.00

* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Optional Product Line(s) is From January 01, 2002 to December 31, 2002.

*** Deposit Data as of December 31, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: THE LOWELL FIVE CENT SAVINGS BANK

Table 1. Other Products

LENDING VOLUME		Geography: LOWELL FIVE		Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002	
MA/Assessment Area (2002):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
Full Review:					
LowellFive - 1990Census	0	0	0	0	

* The evaluation period for Optional Product Line(s) is From January 01, 2002 to December 31, 2002.

Institution ID: THE LOWELL FIVE CENT SAVINGS BANK

Table2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE				Geography: LOWELL FIVE				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
LowellFive - 1990Census	38	100.00	0.80	10.53	9.98	5.26	64.47	57.89	24.75	26.32	2.61	12.55	62.22	22.62

* Based on 2001 Peer Mortgage Data: Northeast Region.

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Institution ID: THE LOWELL FIVE CENT SAVINGS BANK

Table 3a. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT 2002				Geography: LOWELL FIVE				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31,						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
LowellFive - 1990Census	22	100.00	0.80	0.00	9.98	18.18	64.47	63.64	24.75	18.18	1.17	10.69	65.59	22.55

* Based on 2001 Peer Mortgage Data: Northeast Region.

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Institution ID: THE LOWELL FIVE CENT SAVINGS BANK

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE 31, 2002				Geography: LOWELL FIVE				Evaluation Period: JANUARY 1, 2002 TO DECEMBER						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
LowellFive - 1990Census	163	100.00	0.80	0.61	9.98	5.52	64.47	73.62	24.75	20.25	0.94	7.86	67.67	23.53

* Based on 2001 Peer Mortgage Data: Northeast Region.

** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

Institution ID: THE LOWELL FIVE CENT SAVINGS BANK

Table 5a. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY				Geography: LOWELL FIVE				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002						
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*			
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
LowellFive - 1990Census	17	100.00	20.70	5.88	30.99	41.18	41.81	41.18	6.50	11.76	19.57	47.83	28.26	4.35

* Based on 2001 Peer Mortgage Data: Northeast Region.

** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

*** Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

Institution ID: THE LOWELL FIVE CENT SAVINGS BANK

Table 8a. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE				Geography: LOWELL FIVE				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002						
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data [*]			
	#	% of Total ^{**}	% Families ⁺	% BANK Loans ^{****}	% Families ^{**}	% BANK Loans ^{***}	% Families ^{***}	% BANK Loans ^{***}	% Families ^{***}	% BANK Loans ^{***}	Low	Mod	Mid	Upp
Full Review:														
LowellFive - 1990Census	38	100.00	17.86	11.11	17.62	25.00	26.97	27.78	37.56	36.11	6.56	21.83	32.65	38.97

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 5.26% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Institution ID: THE LOWELL FIVE CENT SAVINGS BANK

Table 9a. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT				Geography: LOWELL FIVE				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data ⁺			
	#	% of Total ^{**}	% Families ⁺ **	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{***} *	% Families ^{***}	% BANK Loans ^{***} *	% Families ^{***}	% BANK Loans ^{***} *	Low	Mod	Mid	Upp
Full Review:														
LowellFive - 1990Census	22	100.00	17.86	36.36	17.62	27.27	26.97	31.82	37.56	4.55	6.62	18.87	33.60	40.91

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

Institution ID: THE LOWELL FIVE CENT SAVINGS BANK

Table 10a. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE 2002				Geography: LOWELL FIVE				Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data *			
	#	% of Total **	% Families *	% BANK Loans ****	% Families ***	% BANK Loans ***	% Families ***	% BANK Loans ***	% Families ***	% BANK Loans ***	Low	Mod	Mid	Upp
Full Review:														
LowellFive - 1990Census	163	100.00	17.86	12.26	17.62	32.90	26.97	29.03	37.56	25.81	5.30	20.63	32.26	41.80

* Based on 2001 Peer Mortgage Data: Northeast Region.

** As a percentage of loans with borrower income information available. No information was available for 4.91% of loans originated and purchased by BANK.

*** Percentage of Families is based on the 1990 Census information.

**** Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Institution ID: THE LOWELL FIVE CENT SAVINGS BANK

Table 14. Qualified Investments

QUALIFIED INVESTMENTS			Geography: LOWELL FIVE		Evaluation Period: JANUARY 1, 2002 TO DECEMBER 31, 2002				
MA/Assessment Area:	Prior Period Investments [*]		Current Period Investments		Total Investments			Unfunded Commitments ^{**}	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
LowellFive - 1990Census	N/A	N/A 0	44	1,351	44	1,351	100.00	0	0

* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

LowellFive - 1990Census

Demographic Information for Full Scope Area: LowellFive - 1990Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	52	11.54	25.00	46.15	17.31	0.00
Population by Geography	288,834	5.58	17.42	57.25	19.75	0.00
Owner-Occupied Housing by Geography	66,510	0.80	9.98	64.47	24.75	0.00
Business by Geography	15,134	7.86	10.10	52.54	29.50	0.00
Farms by Geography	313	0.32	4.79	63.26	31.63	0.00
Family Distribution by Income Level	74,309	17.86	17.62	26.97	37.56	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	26,358	9.22	27.45	51.45	11.88	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below Poverty Level		48,421 75,123 8.46%	Median Housing Value Unemployment Rate (1990 US Census)		151,268 4.36%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 US Census and 2002 HUD updated MFI

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

LOWELL FIVE CENT SAVINGS BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business JUNE 2, 2003, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 _____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.

